

Arizona's Clean Water Revolving Fund

FINAL

Intended Use Plan



Funding Cycle 2004

Water Infrastructure Finance Authority of Arizona

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EXECUTIVE SUMMARY



The board of directors of the Water Infrastructure Finance Authority (WIFA) is pleased to release **Arizona's Clean Water Revolving Fund (CWRF) Intended Use Plan (IUP) for the 2004 funding cycle**. The CWRF IUP describes Arizona's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2004 funding cycle from January 1, 2004 through December 31, 2004.

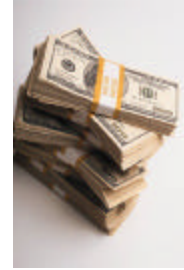
Included as *Exhibit A* of the CWRF IUP is the **2004 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRF. Communities throughout Arizona submitted **52 applications requesting \$366,529,958 in financial assistance**.

From January 1, 2004 through December 31, 2004, WIFA's board of directors will use the PL as a guide to allocate financial assistance from Arizona's CWRF to communities listed on the PL. Each quarter, WIFA's board of directors will revise the PL and modify the fundable range for construction based on project readiness to proceed and other new information. WIFA staff will circulate the revised PL and fundable range to communities listed on the PL.

SECTION 1: LENDING CAPACITY

During the 2004 funding cycle, the lending capacity of Arizona's CWRP will depend on the:

1. Amount of state contributions to Arizona's CWRP;
2. Amount of federal contributions to Arizona's CWRP;
3. Financing structure needs of communities;
4. Interest rate on the CWRP financial assistance; and
5. WIFA's ability to partner with other funding sources to jointly-finance projects.



SECTION 2: FUNDING SOURCES AND USES



Arizona's CWRP is capitalized by state contributions and by contributions appropriated by the U.S. Congress. Once capitalized, Arizona's CWRP provides, in perpetuity, financial assistance to communities throughout Arizona.

During the 2004 funding cycle, Arizona's CWRP will rely on the funding outlined in **Table 1** to provide financial and technical assistance to communities and support WIFA's operations. **Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.** Each of the intended uses of funding is more fully described after Table 1.

Table 1: Arizona CWRP Sources & Uses for 2004 Funding Cycle

	Federal Contributions	State Contributions*	Other	Total
Funding Sources				
Uncommitted Prior Year Loan Funds			5,641,994	5,641,994
Investment Income			107,198	107,198
Loan Repayments (Interest & Principal)			1,992,932	1,992,932
2004 Funds	8,936,200	1,787,240		10,723,440
Construction Grant Recoveries	1,200	240		1,440
Total Funding Sources	8,937,400	1,787,480	7,742,124	18,467,004
Funding Uses				
Loans	8,579,952	1,787,480	7,742,124	18,109,556
Administration	357,448			357,448
Total Funding Uses	8,937,400	1,787,480	7,742,124	18,467,004

* State match can be either WIFA bonds or state general fund monies.

The sources and uses for the 2004 funding cycle shown in Table 1 are based on the President's FY 2004 budget request. Should the final FY 2004 budget be different, the program sources and uses will be adjusted to reflect the appropriated and enacted levels.

Financial Assistance: \$18,109,556

WIFA will provide four types of financial assistance: cash funded loans, bond funded loans, and linked deposits. Each of these types of financial assistance is more fully described below or in WIFA's CWRP financial plan.

Administration: \$357,448

WIFA intends to use four percent (4%) of the 2004 federal contributions to offset the costs of administering Arizona's CWRP and assist communities to conceive, develop, expedite, construct, and finance technically sound and sustainable water reclamation, wastewater and related water quality infrastructure.

SECTION 3: GOALS

WIFA adopts an annual strategic plan listing goals, ongoing objectives, and annual objectives. The goals listed below are taken directly from WIFA's 2003-2004 Strategic Plan. For additional detail on goals, ongoing objectives, and annual objectives, which reflect state and federal requirements, request a copy of the 2003-2004 Strategic Plan from Suzanne Price, WIFA's communications director.

Goal 1: Award WIFA's resources in accordance with the needs of Arizona's citizens.

Goal 2: Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.

Goal 3: Facilitate access to and efficiently deliver financial and technical assistance.

Goal 4: Coordinate with other funding sources, technical resources, and regulatory authorities, and private sector legal and financial counterparts.

Goal 5: Actively pursue a leadership role in water infrastructure finance.

Goal 6: Efficiently administer WIFA within a positive work environment.

Goal 7: Facilitate and encourage board of director involvement in WIFA.

SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S CWRP

Lending Capacity for 2004 funding cycle – At the minimum, Arizona's CWRP will have \$18,467,004 for financial assistance during the 2004 funding cycle. **Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.**

If there are insufficient projects ready to proceed during the 2004 funding cycle, WIFA will apply funds to the FY 2005 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2004 funding cycle project priority list.

Each quarter, WIFA may update the CWRP PL, fundable range for design and fundable range for construction based on project readiness to proceed, refined project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and fundable ranges. WIFA's board of directors will adopt the updated CWRP PL and fundable ranges at public meetings and will distribute the updates to all CWRP PL applicants and other interested parties.

Priority List, Exhibit A – WIFA staff convened a scoring committee including the Arizona Department of Environmental Quality, Arizona Department of Water Resources, Arizona Corporation Commission, and USDA Rural Development. The committee scored and ranked the priority list applications submitted by communities pursuant to WIFA's CWRP award criteria. All eligible applications received appear on the 2004 funding cycle priority list.

Fundable Range for Design, Exhibit B – Includes the highest ranking applicants ready to receive design assistance during the funding cycle.

Fundable Range for Construction, Exhibit C – Includes the highest ranking applicants ready to receive construction assistance.

Market Loan Rate – WIFA's board of directors has established a target interest rate ranging between 70% and 100% of tax-exempt interest or prime rates. WIFA's board of directors will set interest rates/subsidies on individual loans pursuant to the:

- ✓ Priority of the project;
- ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
- ✓ Lending capacity of Arizona's CWRP.

Local fiscal capacity will be measured by the area's median household income, user rates and charges, and the community's outstanding debt.

Binding Commitments – WIFA's board of directors will allocate financial assistance in accordance with CWRP funds available, the CWRP PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRP PL, an applicant will submit a project finance application to request financial assistance. WIFA staff will review the project finance application, analyze the applicant's legal, technical, managerial, and financial capability, and provide recommendations to WIFA's board of directors. If WIFA's board of directors approves an applicant's financial assistance request, WIFA staff will prepare and circulate financial assistance documents to evidence the binding commitment in accordance with applicable federal requirements.

Federal and state funds will be committed within one year after receiving a federal payment.

SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA solicited public review and comment on the draft **2004 CWRP IUP and PL** according to the following schedule of activities:

- | | |
|-------------------|--|
| October 30, 2003 | WIFA Staff distributed the draft CWRP IUP and PL to all interested parties. |
| November 14, 2003 | Public Hearing – 1110 West Washington, Room #250, Phoenix, Arizona 85007 at 10:00 a.m. |
| November 24, 2003 | Deadline for public comments on the draft CWRP IUP and PL. |
| December 17, 2002 | WIFA's board of directors adopts the final CWRP IUP and PL. |
| January 1, 2004 | Final CWRP IUP and PL become effective. |

SECTION 6: ASSURANCES

Files and Records Retention - WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other CWRP records will be made available in accordance with the Arizona public records law.

WIFA will retain the official project files and other CWRP files in accordance with 40 CFR Part 31.



Expeditious and Timely Expenditures - In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRP funds in a timely and expeditious manner.

First Use of Funds -- In accordance with 40 CFR 35-3135 (e), WIFA has satisfied all applicable first use requirements.

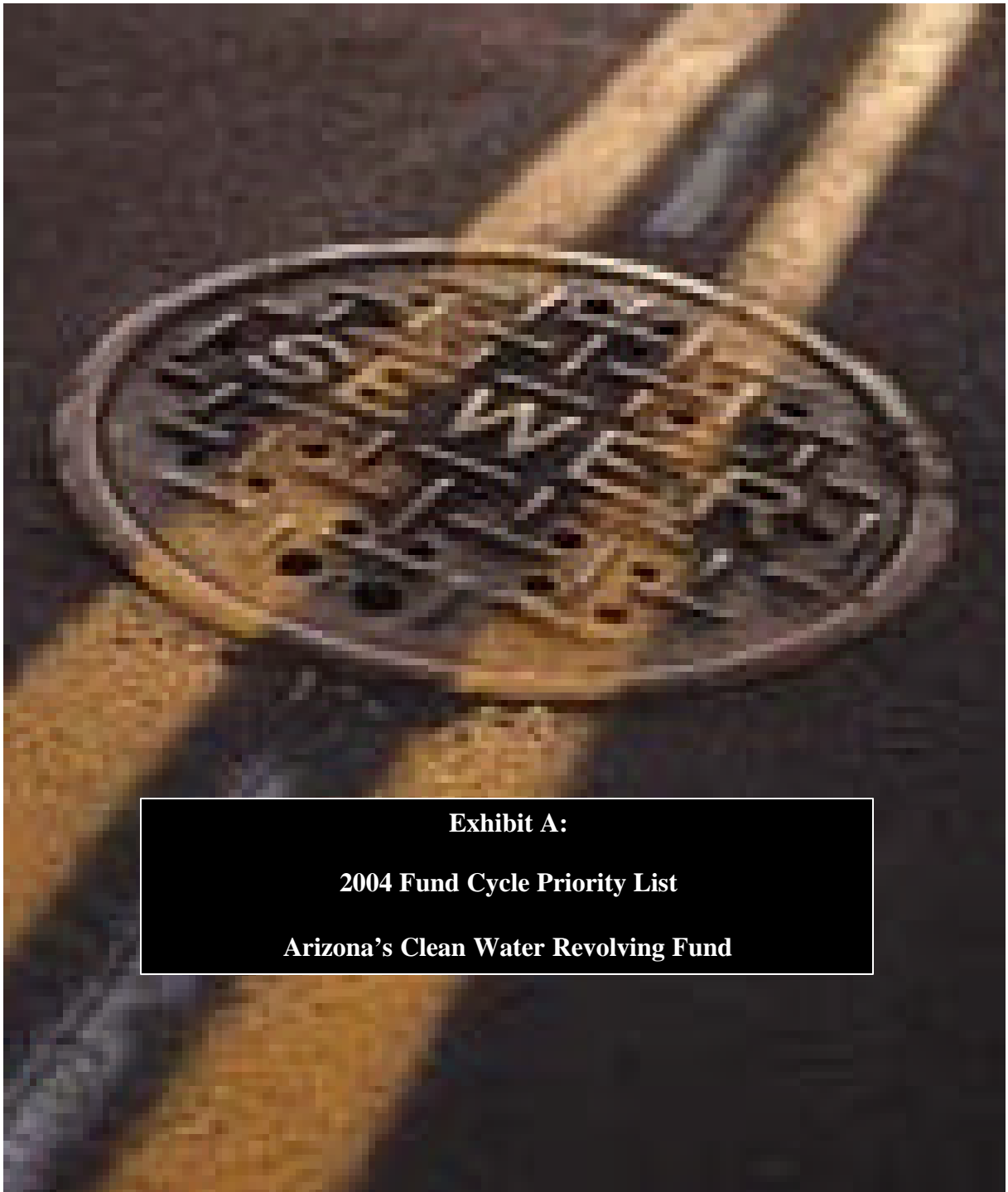
Environmental Review Requirements - In accordance with 40 CFR 35-3140, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.

Federal Cross Cutter Requirements – In accordance with 40 CFR 3145, WIFA will continue to ensure that financial assistance applicants have met all federal cross cutter requirements.

Transfer & Cross-Collateralization – In accordance with 40 CRF 35.3555(c), WIFA will continue to transfer funds between the Clean Water Revolving Fund (CWRP) and the Drinking

Water Revolving Fund (DWRF) as needed. Arizona's CWRF and DWRF are already cross-collateralized.





Arizona's Clean Water Revolving Fund
2004 Funding Cycle -- Priority List for Clean Water Revolving Fund
June 7, 2004

Rank	Applicant	Population	Project Title	Project #	Amount Requested	Subsidy Rate Index	Funding Cycle
1	City of Bisbee	5,140	Bisbee Wastewater System Improvement Project	004 2004	\$ 11,250,000	70%	2004
2	Town of Taylor	2,600	Wastewater Treatment Facility	027 2004	\$ 1,500,000	70%	2004
3	Lake Havasu City	8,688	Wastewater System Expansion Program	058 2004	\$ 63,387,651	75%	2004
4	City of Kingman	3,600	Downtown Wastewater Treatment Plant	002 2004	\$ 2,300,000	75%	2004
5	City of Nogales	25,625	Meadow Hills Estates Collection System	014 2004	\$ 500,000	70%	2004
6	City of Nogales	25,625	Beatus Estates Collection System	015 2004	\$ 2,152,000	70%	2004
7	City of Nogales	25,625	Vista Del Cielo Collection System	016 2004	\$ 1,300,000	70%	2004
8	City of Peoria	106,000	Southern Peoria Water Reclamation Facility	011 2004	\$ 29,700,000	75%	2004
9	Town of Clarkdale	3,144	Clarkdale Wastewater Treatment Plant	005 2004	\$ 6,000,000	75%	2004
10	City of Flagstaff	60,000	Wastewater Improvements	061 2004	\$ 22,700,000	70%	2004
11	Camp Verde Sanitary District	2,673	2001 CVSD Plant And Collection Line Project	060 2004	\$ 600,000	70%	2004
12	Country Roads RV Village	2,600	Country Roads Improvement District No. 2002-1	003 2004	\$ 4,500,000	75%	2004
13	Buckskin Sanitary District	3,800	Wastewater Treatment Plant Expansion Design	031 2004	\$ 250,000	70%	2004
14	City of Nogales	25,625	Nogales International Wastewater Treatment Plant and International Outfall Interceptor	017 2004	\$ 3,100,000	75%	2004
15	Pinetop-Lakeside Sanitary	15,000	Jacques Marsh Expansion	001 2004	\$ 50,000	75%	2004
16	Overgaard Townsite DWID	31	Overgaard Townsite Water Protection Project	006 2004	\$ 238,666	70%	2004
17	Yuma County Padre Ranchitos Improvement District #G1-18	77,515	Padre Ranchitos Sewer Improvement	030 2004	\$ 368,237	75%	2004
18	Pima County Wastewater Management Department	667,000	Mount Lemmon Sewage System Improvements/Expansion	046 2004	\$ 10,000,000	75%	2004
19	City of Peoria	106,000	Tolleson Water Reclamation Facility East Trickling Filter	008 2004	\$ 859,000	75%	2004
20	City of Peoria	106,000	Souther Peoria Water Reclamation Facility Effluent Distribution	010 2004	\$ 5,716,600	75%	2004
21	City of Peoria	106,000	Beardsley Water Reclamation Facility Expansion Phase II	013 2004	\$ 1,900,000	75%	2004
22	City of Peoria	106,000	Tolleson Solids Handling	009 2004	\$ 6,606,000	75%	2004
23	City of Nogales	25,625	Reclaimed Water Main from NIWWTP to Potrero Creek	018 2004	\$ 250,000	70%	2004
24	City of Nogales	25,625	Las Castellana Drive Sewer Line Replacement	020 2004	\$ 200,000	70%	2004
25	City of Nogales	25,625	Reclaimed Water Main NIWWTP to Guevavi Ranch	021 2004	\$ 200,000	70%	2004
26	Pima County Wastewater Management Department	667,000	Ina Road Central Plant and Electrical Upgrade	041 2004	\$ 18,000,000	75%	2004
27	Pima County Wastewater Management Department	667,000	Ia Road WPCF: Laboratory and Office Building	042 2004	\$ 9,000,000	75%	2004
28	Tucson Water	670,000	49ER's Reclaimed Transmission Main	028 2004	\$ 3,000,000	75%	2004
29	Naco Sanitary District	800	Lagoon Relining Design	007 2004	\$ 50,000	70%	2004
30	Pima County Wastewater Management Department	667,000	Roger Road WWTP to Ina Road WPCP: Plant Interconnect/Flow Management	039 2004	\$ 23,000,000	75%	2004

Arizona's Clean Water Revolving Fund
2004 Funding Cycle -- Priority List for Clean Water Revolving Fund
June 7, 2004

Rank	Applicant	Population	Project Title	Project #	Amount Requested	Subsidy Rate Index	Funding Cycle
31	Pima County Wastewater Management Department	667,000	Marana WWTP Expansion	043 2004	\$ 12,050,000	75%	2004
32	Pima County Wastewater Management Department	667,000	Water Reclamation: Miscellaneous Projects	044 2004	\$ 4,000,000	75%	2004
33	Town of Queen Creek	5,500	Greenfield Water Reclamation Plant	062 2004	\$ 35,000,000	85%	2004
34	City of Phoenix	1,300,000	North Gateway Water Reclamation Project	024 2004	\$ 26,500,000	85%	2004
35	City of Peoria	106,000	Tolleson Water Facility Stand-by Power Upgrades	012 2004	\$ 1,515,000	80%	2004
36	Pima County Wastewater Management Department	667,000	Roger Road WWTP: Infrastructure and Encironmental Improvements Phase I	037 2004	\$ 20,000,000	80%	2004
37	Pima County Wastewater Management Department	667,000	Ina Road WPCF: Denitrification Design/Construction	040 2004	\$ 17,000,000	80%	2004
38	City of Phoenix	1,300,000	Cave Creek Water Reclamation Plant Recharge and Recovery	023 2004	\$ 1,000,000	85%	2004
39	City of Goodyear	15,000	Engineering Design and Construction of Emergency Storage Lagoons De-watering Station	054 2004	\$ 405,000	85%	2004
40	Pima County Wastewater Management Department	667,000	Miscellaneous Conveyance Rehabilitation Projects	038 2004	\$ 15,000,000	80%	2004
41	City of Goodyear	15,000	Engineering Design and Construction of Maintenance Facility	049 2004	\$ 1,125,000	85%	2004
42	City of Goodyear	15,000	Industrial and Collection System Equipment	052 2004	\$ 71,010	85%	2004
43	City of Goodyear	15,000	Installation of Septic Hauler's Station at 157th WWTP	053 2004	\$ 877,500	85%	2004
44	Town of Prescott Valley	26,000	Phase III Wastewater Treatment Plant Expansion	059 2004	\$ 12,500,000	80%	2004
45	City of Goodyear	15,000	Lum Basin Wastewater Pumping Station	048 2004	\$ 1,125,000	90%	2004
46	City of Phoenix	1,300,000	Clay Pipe Rehab 15"-42"	022 2004	\$ 2,000,000	90%	2004
47	City of Nogales	25,625	Grand Avenue Sewer Construction	019 2004	\$ 300,000	75%	2004
48	City of Goodyear	15,000	Engineering Study for Reuse Water Supply and Distribution	050 2004	\$ 608,301	90%	2004
49	City of Goodyear	15,000	Soil Aquifer Recharge Treatment Facility	057 2004	\$ 895,000	90%	2004
50	Virgin River DWID	900	Pioneer Road Sewer Line Extension	063 2004	\$ 75,000	80%	2004
51	Pima County Wastewater Management Department	667,000	Santa Cruz Interceptor: Prince to Franklin	036 2004	\$ 27,565,604	80%	2004
52	Pima County Wastewater Management Department	667,000	Tanque Verde Interceptor - Craycroft to Tucson Country Club	045 2004	\$ 9,050,000	80%	2004
53	City of Goodyear	15,000	Rainbow Valley Wastewater Treatment Facility Design/Build	047 2004	\$ 5,400,000	85%	2004
54	City of Goodyear	15,000	Design and Construction of Solids Handling Facility at Corgett WWTP	056 2004	\$ 1,070,889	90%	2004
55	City of Goodyear	15,000	Rehabilitation and Upgrade of Wastewater Laboratory and Services	051 2004	\$ 193,500	90%	2004
56	City of Goodyear	15,000	Engineering services for 6 MGD Facility expansion	055 2004	\$ 900,000	90%	2004

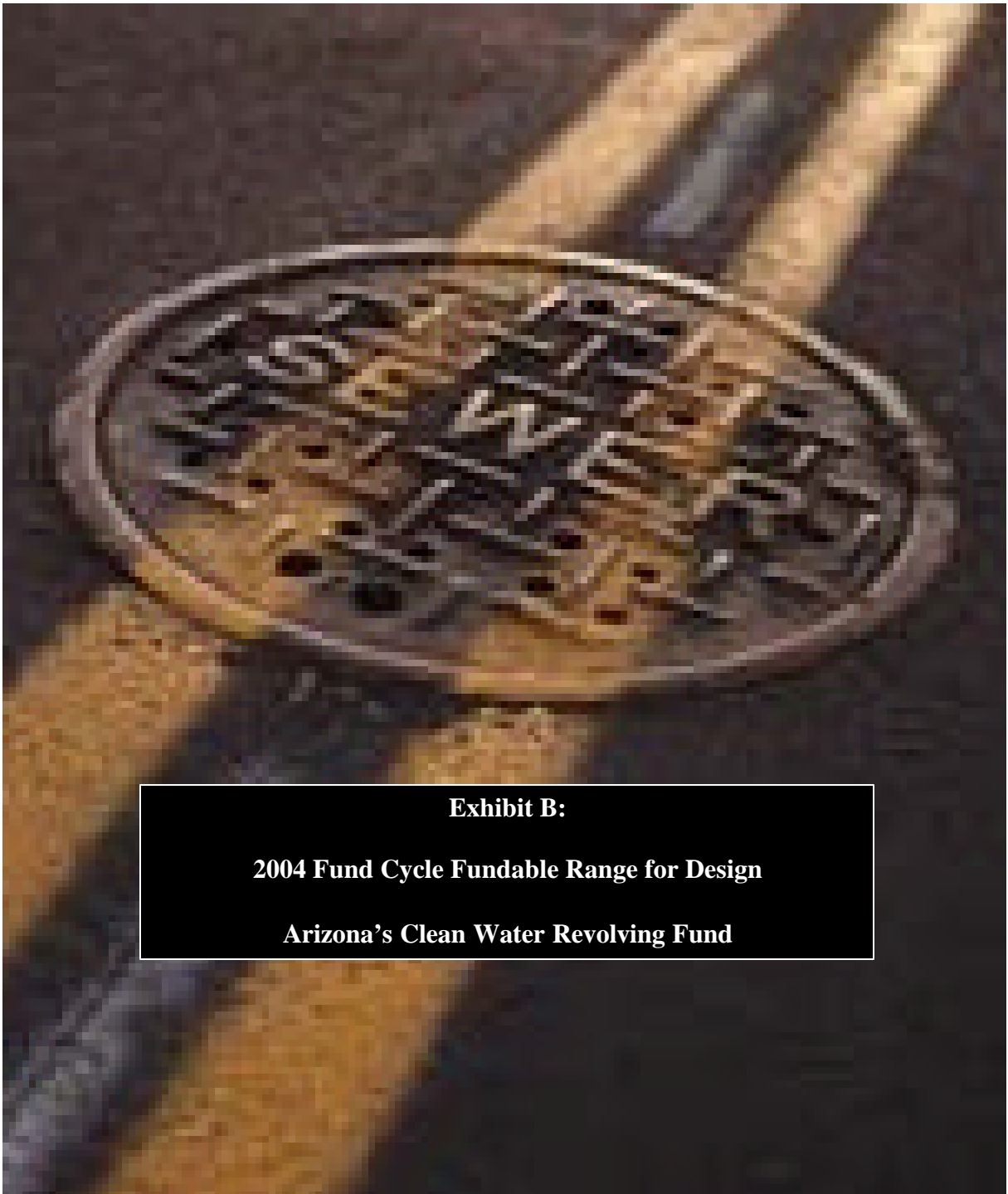


Exhibit B:

2004 Fund Cycle Fundable Range for Design

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2004 Funding Cycle -- Fundable Range for Design Financial Assistance
June 7, 2004

Fundable Range	Fundable Rank	MPL Rank	Applicant	Project Title	Project #	Amount Requested	Subsidy Rate Index
1	2		Town of Taylor	Wastewater Treatment Facility	027 2004	\$ 1,500,000	70%
2	13		Buckskin Sanitary District	Wastewater Treatment Plant Expansion Design	031 2004	\$ 250,000	70%
3	29		Naco Sanitary District	Lagoon Relining Design	007 2004	\$ 50,000	70%
4	42		City of Goodyear	Industrial and Collection System Equipment	052 2004	\$ 71,010	85%
5	56		City of Goodyear	Engineering services for 6 MGD Facility expansion	055 2004	\$ 900,000	90%

Note – All loans will be cash funded.

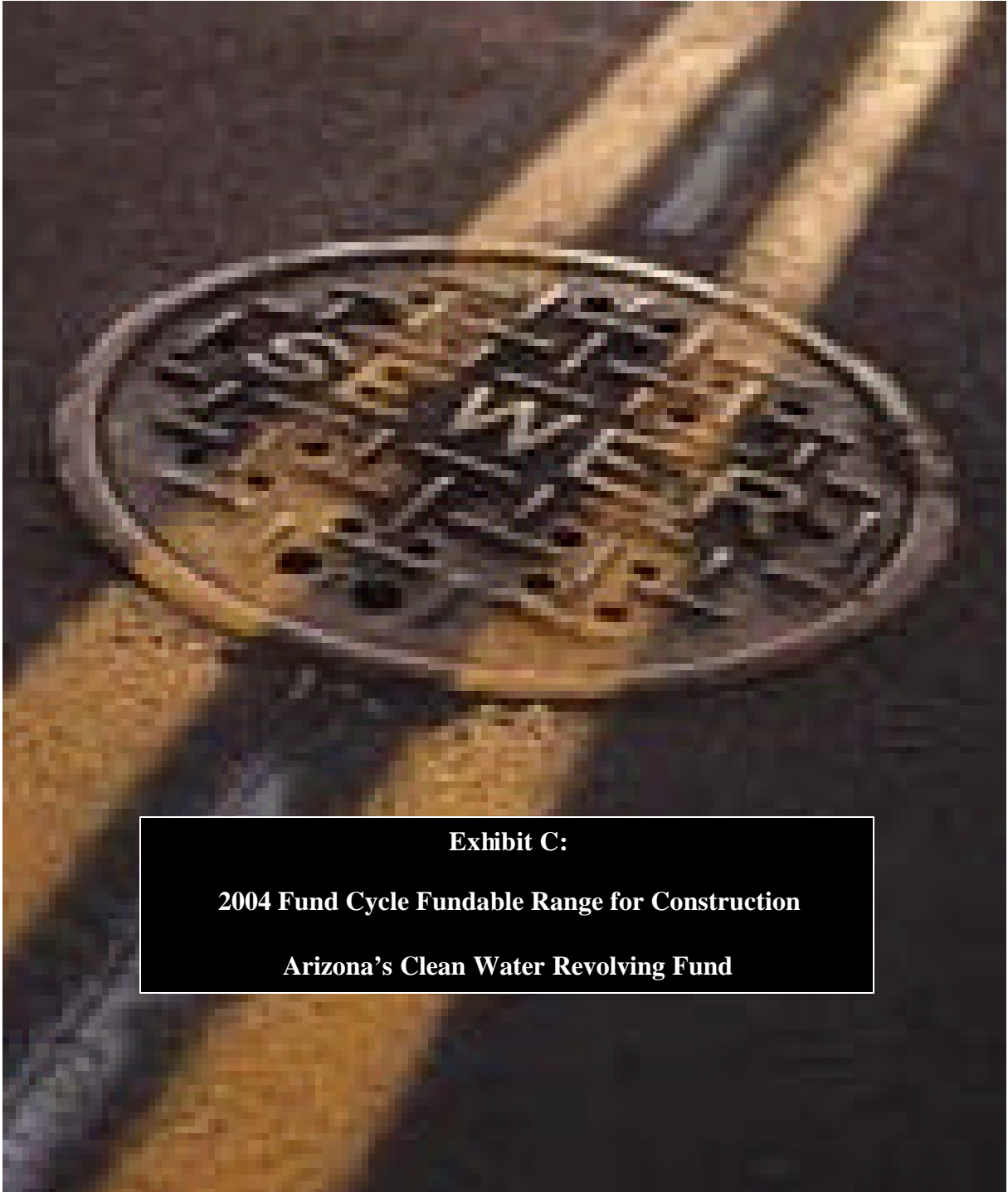


Exhibit C:

2004 Fund Cycle Fundable Range for Construction

Arizona's Clean Water Revolving Fund

Arizona's Clean Water Revolving Fund
2004 Funding Cycle -- Fundable Range for Construction Financial Assistance
June 7, 2004

Fundable Range	MPL Rank	Applicant	Project Title	Project #	Amount Requested	Subsidy Rate Index
1	1	City of Bisbee	Bisbee Wastewater System Improvement Project	004 2004	\$ 11,250,000	70%
2	3	Lake Havasu City	Wastewater System Expansion Program	058 2004	\$ 63,387,651	75%
4	5	City of Nogales	Meadow Hills Estates Collection System	014 2004	\$ 500,000	70%
5	7	City of Nogales	Vista Del Cielo Collection System	016 2004	\$ 1,300,000	70%
6	8	City of Peoria	Southern Peoria Water Reclamation Facility	011 2004	\$ 29,700,000	75%
7	9	Town of Clarkdale	Clarkdale Wastewater Treatment Plant	005 2004	\$ 6,000,000	75%
8	11	Camp Verde Sanitary District	2001 CVSD Plant And Collection Line Project	060 2004	\$ 600,000	70%
9	12	Country Roads RV Village	Country Roads Improvement District No. 2002-1	003 2004	\$ 4,500,000	75%
10	14	City of Nogales	Nogales International Wastewater Treatment Plant and International Outfall Interceptor	017 2004	\$ 3,100,000	75%
11	19	City of Peoria	Tolleson Water Reclamation Facility East Trickling Filter	008 2004	\$ 859,000	75%
12	20	City of Peoria	Souther Peoria Water Reclamation Facility Effluent Distribution	010 2004	\$ 5,716,600	75%
13	21	City of Peoria	Beardsley Water Reclamation Facility Expansion Phase II	013 2004	\$ 1,900,000	75%
14	22	City of Peoria	Tolleson Solids Handling	009 2004	\$ 6,606,000	75%
15	25	City of Nogales	Reclaimed Water Main NIWWTP to Guevavi Ranch	021 2004	\$ 200,000	70%
16	28	Tucson Water	49ER's Reclaimed Transmission Main	028 2004	\$ 3,000,000	75%
17	35	City of Peoria	Tolleson Water Facility Stand-by Power Upgrades	012 2004	\$ 1,515,000	80%
18	44	Town of Prescott Valley	Phase III Wastewater Treatment Plant Expansion	059 2004	\$ 12,500,000	80%
19	50	Virgin River DWID	Pioneer Road Sewer Line Extension	063 2004	\$ 75,000	80%

Note – All loans will be cash funded

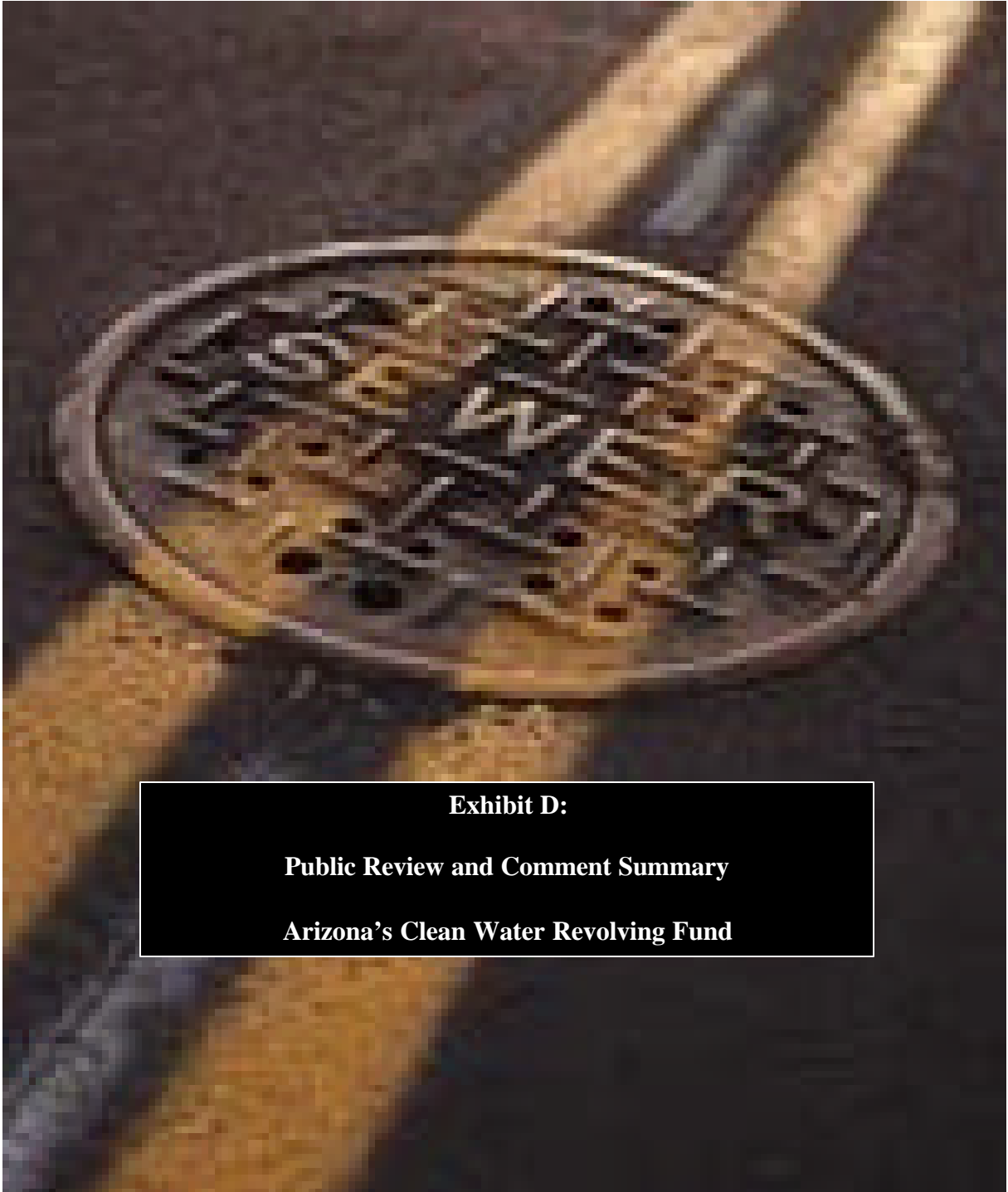


Exhibit D:

Public Review and Comment Summary

Arizona's Clean Water Revolving Fund

SECTION 1: SUMMARY OF COMMENTS FROM PUBLIC HEARINGS AND PUBLIC MEETINGS

A public hearing was conducted in Phoenix 1110 W. Washington Avenue, Room #250 from 10 a.m. to 12 p.m. Friday, November 14, 2003. Members of the public present:

B. Newhouse, Yarnell Water
Bea Parker, Mountain Glen Water Service
Jason Bethke, Carter & Burgess
Stan Francom, Carefree Water Company
Tony Grant, Aquastore SW
Suzanne Price, WIFA
Moncef Tihami, WIFA
Jay Spector, WIFA

There was no oral testimony or written comments presented at the November 14, 2003 public hearing.

The Board of Directors approved and adopted the Final Intended Use Plan, Final Priority List, Final Fundable Range for Design and Fundable Range for Construction at a **public meeting** on Wednesday, December 17, 2003.

A public review and written comment period for the Final CWRP IUP and PL was publicly advertised and open from October 23, 2003 through November 24, 2003. Comments were due by November 24, 2003 at 5:00 p.m.

Written comments from the Environmental Protection Agency, Region IX (EPA) were received during the public review and comment period. WIFA's responses are noted below.

SECTION 2: SUMMARY OF CHANGES TO THE DRAFT CWRP INTENDED USE PLAN

The **Environmental Protection Agency** (EPA) provided written comments as summarized below:

Page 1, Section 2: The IUP must describe the sources and uses of CWRP program funds including the total dollar amount in the fund, the total dollar amount available for loans (including interest & repayments) and the total dollar amount in fee accounts. Add information related to the additional infrastructure funds from interest earned, repayment, reserves, fees, bonds, etc.

Staff Response: Staff added fees, interest earned, repayments, etc. to Table 1 under "Other."

The sentence in Section 1: Lending Capacity, which read, "WIFA's staff estimate Arizona's CWRP will have a minimum capacity of \$8,579,952 and a maximum capacity, through potential leveraging, of \$34,319,808 for financial assistance activity," was deleted. The sentence,

“Through active portfolio and financial management, WIFA’s lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds, ” was added to paragraph two, Section 2: Funding Sources and Uses on page 1.

The first paragraph is Section 4: Method and Criteria for Distributing Arizona’s CWRP, which read, “At the minimum, Arizona’s CWRP will have \$8,579,904 for financial assistance during the 2004 funding cycle. At the maximum, based on WIFA’s ability to leverage bond funded loans, Arizona’s CWRP will have \$34,319,808 for financial assistance during the 2004 funding cycle,” was deleted. It was replaced by, “At the minimum, Arizona’s CWRP will have \$18,467,004 for financial assistance during the 2004 funding cycle. Through active portfolio and financial management, WIFA’s lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.”

Page 2, Financial Assistance: Describe Hardship Grants. This is a separate program. The CWRP cannot provide financial assistance in the form of grants.

Staff Response: Staff qualified the description of financial assistance programs to reflect the fact that the WIFA hardship grant program is funded from sources independent of the Clean Water Revolving Fund.

Page 2, Administration: Delete “Technical Assistance.” The CWRP 4% can only be used for administration of the loan fund.

Staff Response: Staff clarified the heading by deleting “Technical Assistance,” as appropriate.

Page 2, Goal 1: CWRP resources must be awarded in accordance with federal and state requirements. The needs of the citizens may be in conflict with federal and state requirements. According to 40 CFR 35.3150(b)(2) short and long-term goals: Identify and short and long-term goals.

Staff Response: Staff qualified the paragraph to show that WIFA’s goals, ongoing objectives, and annual objectives, as detailed in WIFA’s 2003 – 2004 Strategic Plan, reflect state and federal requirements. Staff referenced the short and long term goals in the Strategic Plan.

Page 3, Priority List, Fundable Range Exhibits A, B and C: In accordance with 40 CFR 35.3150(b)(1) List of Projects – The IUP must contain a list of publicly owned treatment works projects on the state’s project priority list developed pursuant to section 216 of the ACT, to be constructed with SRF assistance. This list must include: the name of the community, permit number or other 21 applicable enforceable requirements, if available; the type of financial assistance; and the projected amount of eligible assistance. The IUP must also contain a list of the nonpoint source and national estuary protection activities under sections 319 and 320 of the Act that the State expects to fund from its SRF.

Staff Response: Staff confirmed that the CWRP priority lists contain all available applicable information. Permits do not apply; eligible nonpoint source projects, particularly replacement of septic tanks with centralized sewer are included; Arizona has no estuaries.

Page 3, Binding Commitment: In accordance with 35.3135©, Binding Commitments, the state must make binding commitments in an amount equal to 120 percent of each quarterly grant payment within one year after the receipt of each quarterly grant payment. Add the statement, the federal and state funds will be committed within one year after receiving a federal payment.

Staff Response: The binding commitment statement was added as suggested.

Items not included or properly addressed: WIFA's Draft CWRP IUP need to better address the following CWRP requirements in:

- 40 CFR 35.3135(b)(3) identify the source of state match
- 40 CFR 35.3135(f) Compliance with Title II requirements
- 40 CFR 35.3145 Cross-cutter requirements
- 40 CFR 35.3150(b)(5) Criteria and method of distributing funds (1) Priority system
- Collection and Use of Fees
- CWRP and DWRP transfer process and cross-collateralization

Staff Response:

Sources of state match were identified in Table 1.

Compliance with Title II requirements was clarified.

Federal cross cutter requirements were added in Section 6: Assurances.

Criteria and method of distributing funds for the priority lists was amplified in Section 4.

Collection and Use of Fees was deferred until next funding cycle.

Transfer process and cross-collateralization were added in Section 6: Assurances.

Copies of the complete written comments from EPA are available upon request.

SECTION 3: SUMMARY OF CHANGES TO THE DRAFT CWRP PRIORITY LIST

The following applications were submitted after publication of the Draft Priority List during the initial public review and comment period:

<u>Application #</u>	<u>Applicant</u>	<u>Amount Requesting</u>
CW-058-2004	City of Lake Havasu City	\$63,387,651
CW-059-2004	Town of Prescott Valley	\$12,500,000

City of Lake Havasu City – Ref#: CW-058-2004

Adjustment: Project scored and ranked # 03 on the CWRP Priority List.

Justification for adjustment: Lake Havasu City submitted their application after the publication of the draft Funding Cycle 2004 Priority List. Since the WIFA Board of Directors will approve a final Priority List at a public meeting on December 17, 2003, WIFA Staff included the application for Board review and approval.

Town of Prescott Valley – Ref#: CW-059-2004

Adjustment: Project scored and ranked # 41 on the CWRP Priority List.

Justification for adjustment: Prescott Valley submitted their application after the publication of the draft Funding Cycle 2004 Priority List. Since the WIFA Board of Directors will approve a final Priority List at a public meeting on December 17, 2003, WIFA Staff included the application for Board review and approval.

Two projects on the original Draft Priority List, CW 025-2004 and 026-2004 from the City of Phoenix, were eliminated because they duplicated CW 022-2004 and CW 023-2004.

Based on the additional applications submitted during the public review and comment period, Funding Cycle 2004 CWRP Priority List Rankings were adjusted. Copies of written comments (correspondence) are available upon request.